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FISCAL IMPACT REPORT

SPONSOR Rawson DATE 02/25/05 TYPED HB

SHORT TITLE NMSU Aerospace Engineering Department SB 1048

ANALYST Woods

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$750.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to the appropriation for New Mexico State University in the General Appropriations Act.
Relates to SB43, HB418, and HB609

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico State University (NMSU)
New Mexico Commission on Higher Education (CHE)

SUMMARY

Synopsis of Bill

Senate Bill 1048 – Making an Appropriation for the Aerospace Engineering Program at New Mexico State University – appropriates \$750,000 from the general fund to the Board of Regents of New Mexico State University for expenditure in FY06 to maintain and expand the aerospace engineering program. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall revert to the general fund.

Significant Issues

NMSU indicates that New Mexico is home to a number of public and private aerospace related companies, including:

- NASA White Sands;
- White Sands Missile Range;

- The Air Force Research Laboratory;
- Sandia Laboratories;
- Eclipse Aviation; and
- many others each having a strong need for trained aerospace engineers.

But, as NMSU suggests, while New Mexico is quickly moving to the forefront in aerospace initiatives with the advent of the X-Prize and the investment in the spaceport of the future; it does not currently offer an aerospace engineering program, nor does it possess the capacity to react to current or anticipated industry needs. Further, a 2003 White Sands Research and Developers, LLC poll of New Mexico high school students revealed that aerospace engineering ranked third behind electrical and mechanical engineering in interest among students wishing to pursue an engineering degree.

CHE indicates this request was not in the list of priority projects submitted by NMSU to CHE for review. Accordingly, the request was not included in CHE's funding recommendation for FY06.

PERFORMANCE IMPLICATIONS

NMSU indicates that the aerospace engineering program will be housed within the NMSU's College of Engineering and will occupy existing facilities at no additional expense. It will also share an existing state-of-the-art fluids laboratory with Department of Mechanical Engineering.

Again citing from the 2003 White Sands Research and Developers survey, NMSU notes: "...any new academic program in Aerospace Engineering should directly benefit the high-tech economy of New Mexico. An aerospace engineering department would provide the focal point for the State's aerospace industry, which it currently lacks. In addition, it could assist in consolidating the State's role in established aerospace areas as well as position it for emerging aerospace markets."

FISCAL IMPLICATIONS

The appropriation of \$750,000 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

NMSU would retain oversight of the program.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to the appropriation for New Mexico State University in the General Appropriations Act.

Relates to SB43, HB418, and HB609 in that SB43, HB418 and HB609 also seek to appropriate \$750,000 from the general fund to the Board of Regents of New Mexico State University for expenditure in FY06 to create an Aerospace Engineering Department.

TECHNICAL ISSUES

NMSU suggests that growth of the aerospace engineering program will require a curriculum and facilities that are at the forefront in aerospace technology. To this end, an Aerospace Engineering Advisory Board will help guide the development of the program with members selected from New Mexico's aerospace industries and major corporations, as well as from national organizations that have a stake in the growth of aerospace in New Mexico.

OTHER SUBSTANTIVE ISSUES

NMSU suggests that its leadership profile in aerospace research – as evidenced by the 2002-03 National Science Foundation research expenditure rankings – will be substantially expanded by the addition of an aerospace engineering program. Further, NMSU observes that an aerospace engineering program will have the ability to attract not only federal research dollars, but other research funds as well, also enhancing the state's status as a leader in the aerospace industry.

NMSU further anticipates that expected growth in student enrollments and student credit hour production in aerospace engineering – beyond the initial state appropriation support phase – will generate revenue from the Instruction and General (I&G) higher education funding formula within the General Appropriation Act, once students begin to enroll in the program.

CHE suggests – assuming that funding will continue beyond FY06 – that consideration might be given to requiring New Mexico State University to submit a plan for program evaluation, including specific program goals and criteria for assessing program effectiveness to the Legislative Finance Committee and the Commission on Higher Education by October 1, 2005. Further that the university should also submit a program evaluation to the Legislative Finance Committee and the Commission on Higher Education by June 30, 2008 detailing the benefits to the State of New Mexico from having this program implemented for a three-year period.

BFW/sb